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UNCLAS SECTION 01 OF 02 SAN SALVADOR 000566

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TAGS: [ECON](#) [PGOV](#) [EINV](#) [KCRN](#) [ES](#)
SUBJECT: EL SALVADOR'S ANTI-CRISIS PLAN

REFTEL: A. SAN SALVADOR 494
[1](#)B. SAN SALVADOR 513

[1](#)1. (SBU) SUMMARY. On June 18, the Funes Administration announced its \$587.5 million "Anti-Crisis" plan intended to ameliorate the effects of the international financial crisis on El Salvador. The plan's economic and social components include creating a "temporary worker" program, providing fertilizer and seeds to small and medium farmers, constructing low-income housing, and expanding the former welfare ("Red Solidaria") anti-poverty program to urban areas. On the security front, the plan calls for 1,000 new police officers and expanded police presence in the six highest crime municipalities. The government claims to have funding for 60 percent of the plan already secured. On initial review, the economic and social components are a mix of campaign promises, undefined public works projects, and increased social spending. Few proposals involve the private sector, however, and details are too vague to determine how much of a stimulus effect they may have. While the security component includes use of military troops, lack of basic police training and equipment will be limiting factors in the near term. End Summary.

[1](#)2. (U) President Mauricio Funes announced on June 18 details of a \$587.5 million "Anti-Crisis" plan that he had promised in his inaugural address (reftel A). A reprogrammed \$253.3 million in existing World Bank and Inter-American Development Bank loans (reftel B), \$29.6 million in international donations, and \$74.8 million in government funds will cover 60 percent of the plan. The Government of El Salvador (GOES) is still seeking assistance from international financial institutions and friendly governments to cover the remaining 40 percent.

[1](#)3. (U) TEMPORARY EMPLOYMENT: The plan calls for prioritizing labor intensive public works projects to "create 100,000 temporary jobs." Technical Secretary to the President Alex Segovia stated that details on the specific projects would be forthcoming. The state-owned Multi-Sector Investment Bank (BMI) will be used to support other state-owned banks and provide guarantees for loans to productive sectors.

[1](#)4. (U) AGRICULTURAL SUPPLIES: The GOES will import fertilizers and seeds to be distributed at cost to small and medium farmers in 160 municipalities. The program will assist 450,000 farmers in 2009 and 600,000 in 2010. Press reports speculate that this is connected to an offer from Venezuela to provide urea.

[1](#)5. (U) HOUSING: The GOES will support construction of 25,000 low-income houses and assist poor rural communities through a "floor and roof" program.

[1](#)6. (U) SOCIAL PROGRAMS: The plan includes various new and enhanced social programs including:

- Establishing Comunidades Urbanas Solidarias, an urban program similar to the cash-transfer anti-poverty program Red Solidaria (now

called Comunidades Rurales Solidarias), and expanding the existing rural program.

- Creating a universal basic pension for 42,000 people over age 70 who do not have insurance and live in the 100 poorest municipalities.
- Expanding an existing school food program to 500,000 additional students and providing free uniforms, shoes, and school supplies to 1.4 million students.
- Providing health and nutrition services in the 131 municipalities with the highest levels of malnutrition.
- Extend Social Security health service benefits for 6 months for 10,500 unemployed workers.
- Creating a Social Economic Council to establish a permanent dialogue between business and workers' social movements.

17. (U) SECURITY: The security portion of the plan will focus on increasing police presence and operations in the six municipalities with the highest crime rates (San Salvador, Santa Ana, San Miguel, Colon, Soyapango, and Apopa). Proposals include:

- Using the Salvadoran military to support the police across the country.
- Hiring and training 1,000 new police officers.
- Implementing a "School Protection Plan" targeting high-crime

SAN SALVAD 00000566 002 OF 002

schools and educational institutes.

- Converting municipalities to "gun-free" zones and prohibiting firearms in the highest crime areas.
- Providing additional resources to specialized units (e.g., the anti-extortion unit).

18. (SBU) COMMENT/STIMULUS: The plan's economic and social proposals are a mixture of pre-crisis campaign promises (e.g., providing fertilizer and seeds to farmers, most of whom are already receiving fertilizer and seeds), as-yet undefined infrastructure projects, and increased social spending. Few proposals involve the private sector, however, and details are too vague to determine how much of a stimulus effect they may have.

19. (SBU) COMMENT/SECURITY: Funes' proposal to focus existing police resources on areas most beset by violence is a common sense approach. Unfortunately, given the PNC's lack of basic equipment, to include transportation, communications, and even firearms and ammunition, the Funes administration's "surge" against violent street crime will likely not accomplish much in the immediate future. PNC forces sent to the field will likely arrive there unequipped, and not properly trained to confront organized street gang violence. Involvement of the armed forces could possibly address some of the PNC's transportation shortcomings, but will not address other glaring operational deficiencies. Throwing additional resources at specialized units, such as the anti-gang, anti-extortion, and anti-organized crime divisions, is similar to the Saca administration's long-standing public security strategy, the alleged inefficiency of which served as a central plank of Funes' presidential campaign.

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